

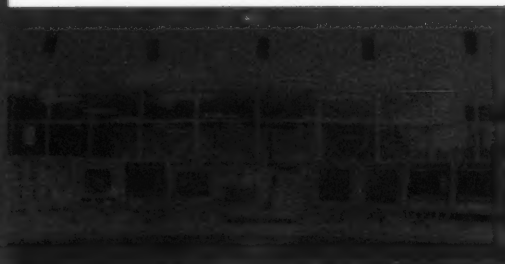


**ENERGY
WISE**

MAKES BUSINESS SENSE

Industrial Analysis and Demonstration Program

MAJOR CUSTOMERS



PARTICIPANT'S GUIDE

September 2008

This document is a translation, provided for information purposes only.
In all cases, the original French version shall prevail.



Foreword

Fostering a Culture of Energy Efficiency

An energy efficiency culture affects all aspects of corporate life. Supported by an overall vision, it means more than just simply improving equipment or process efficiency. It means creating an environment in which new ways of working quickly become habit throughout the organization.

Ensuring success

A few conditions are essential to foster a culture of energy efficiency:

- The support of senior management and employees at all levels
- A vision – a results-driven, all-encompassing approach to energy efficiency
- A policy, program and action plan that cover all aspects of energy efficiency

For an energy efficiency culture to become firmly rooted, an energy committee is just as crucial as team support. In addition to measuring instruments installed in the appropriate places, a scorecard and performance indicators are needed to track change. Announcing results and rewarding good work also have a great effect on employees' participation and team spirit.

Hydro-Québec offers a number of services, including considerable financial assistance, to help its major customers make energy efficiency part of their corporate culture.

Financial Assistance Programs

With a view to achieving the energy savings target set out in its Energy Efficiency Plan, Hydro-Québec has set up three programs for major industrial customers:

1. ENERGY WISE Industrial Initiatives Program – Major Customers

Financial assistance is offered for projects designed to reduce specific electricity consumption.

2. ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers
(with two components)

- **Energy analysis** – Financial assistance is offered for an analysis covering all forms of energy used at an industrial site or to carry out a continuous measurement project.
- **Demonstration of a new technology** – Financial assistance is offered for the demonstration of electricity savings realized through first-time implementation of a new, high-efficiency technology in an industry in Québec.

3. Plant Retrofit Program – Major Customers

Financial assistance is offered for extensive retrofit projects that considerably reduce the overall electricity consumption of one or more plants owned by the same customer.

This guide is intended for customers interested in taking part in either component of the Industrial Analysis and Demonstration Program – Major Customers. There are several ways to obtain information on the other two programs:

- Contact your commercial officer
- E-mail us at programmes.ge@hydro.qc.ca
- Visit www.hydroquebec.com/majorcustomers/ee
- Call 1 866 373-6306

Notice

Under the terms of energy analysis, continuous measurement or demonstration project agreements signed with customers, Hydro-Québec reserves the right to

- amend or terminate the Program at any time without notice;
- interpret Program terms and conditions;
- reject any proposal submitted by a customer or request changes to a proposal.

Hydro-Québec's sole obligation shall be to pay out the financial assistance provided for in an agreement reached with you. It is up to you to assume full responsibility for carrying out any energy analysis or demonstration project.

This version of the *Participant's Guide* contains an amendment to the financial assistance available under the energy analysis component (see Part A, section 3.1). Maximum financial assistance per service contract has been increased from \$50,000 to \$100,000. In order to come into effect, this amendment must be approved by the Régie de l'énergie. The energy analysis component also includes a new part relating to continuous measurement. The terms and conditions of financial assistance applicable to continuous measurement are also subject to the approval of the Régie de l'énergie.

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Introduction

Program description

The aim of the ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers is to promote awareness of energy efficiency and demonstrate the benefits of new, more efficient technologies that reduce electricity consumption.

The Program has two components:

- **Energy analysis** – Financial assistance is offered for an analysis covering all forms of energy or for a continuous measurement project.
- **Demonstration of a new technology** – Financial assistance is offered for projects demonstrating the first-time implementation of a new, high-efficiency technology in an industry in Québec.

Since the financial assistance budget is limited, available funds will be allocated to eligible projects on a first-come, first-served basis.

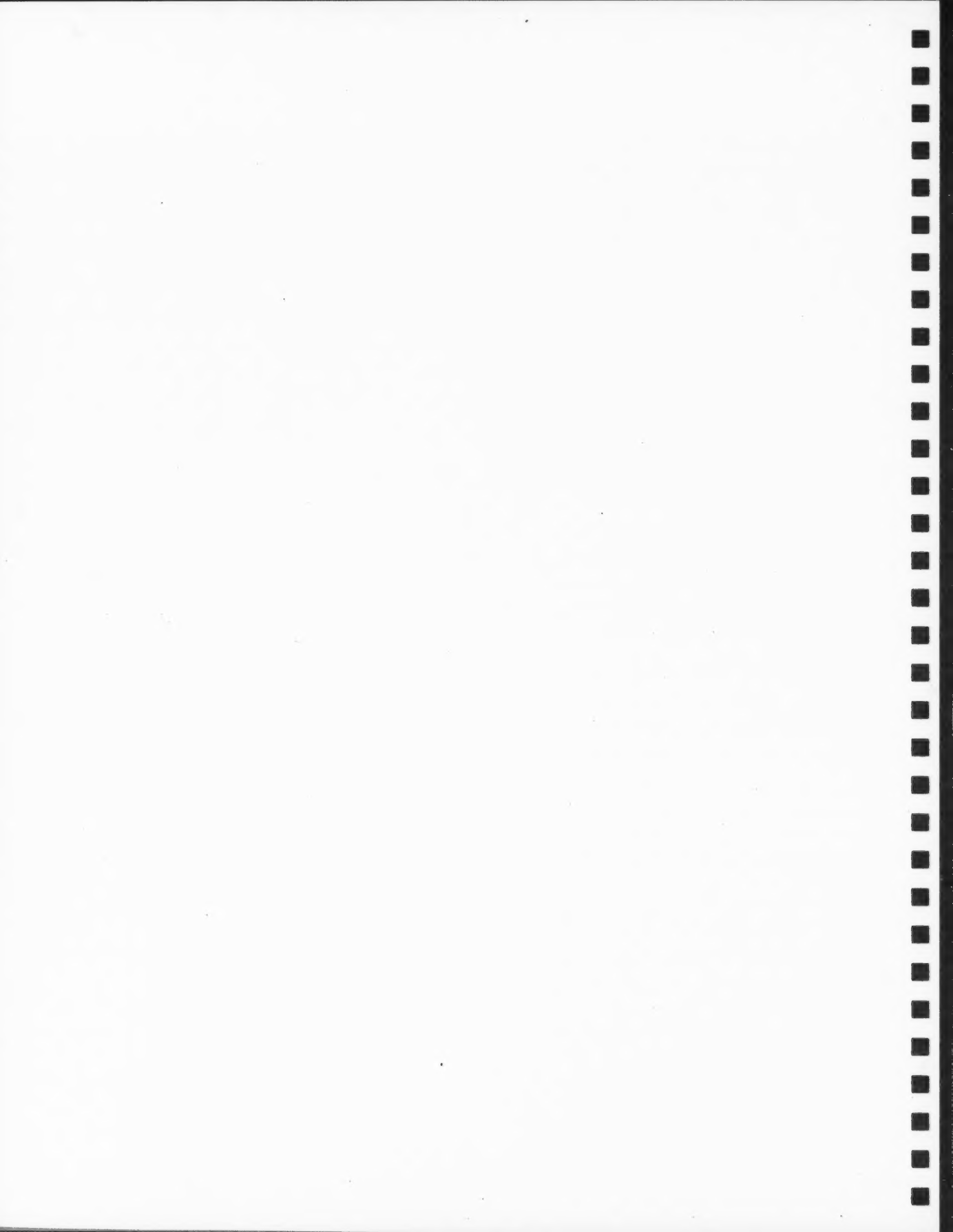
Participating in the Program

Program terms and conditions are set out in Part A of this guide for the energy analysis component and in Part B for the technology demonstration component.

To submit a proposal under the Program, fill in the appropriate form provided with this guide and submit it to Hydro-Québec along with the supporting documents required.

Under our corporate directive on the *Charter of the French Language*, **you must fill out the French version of the form**. You can download the official French form, along with a courtesy translation, from www.hydroquebec.com/majorcustomers/ee.

Part A ■ Energy Analysis Component



1.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and operates one or more industrial sites.

The industrial site must use electricity to manufacture, assemble or process goods or foodstuffs, extract raw materials, or handle or transport materials.

1.2 Eligible energy analyses

The aim of an energy analysis is to identify opportunities to improve the energy efficiency of an industrial site. Hydro-Québec feels that establishing an energy committee is an excellent way for your company to gain an in-depth understanding of its electricity consumption. An analysis should

- make management and employees more aware of energy efficiency with a view to encouraging implementation of the recommended electricity management measures;
- cover overall use of all forms of energy and all technologies at the industrial site;
- take a comprehensive view of energy efficiency that takes into account productivity, product quality, environmental management and competitiveness;
- include a written report;
- include an implementation plan for the recommended measures.

When submitting your first application for financial assistance, you must do an overall audit of all forms of energy used in the plant. Once you've done an overall energy audit, you can do other analyses of the electricity consumed by specific processes, systems or equipment, as long as you have not reached the financial assistance ceiling.

The aim is to identify electricity management opportunities that require investments and may be eligible for energy efficiency programs for major customers. In addition, energy analyses should identify measures that are cost-effective without financial assistance from Hydro-Québec, such as these:

- Measures with a payback period of under a year
- Housekeeping measures involving management, operations and maintenance, which require little or no capital investment

1.3 Eligible costs

The following costs of performing an energy analysis are eligible for financial assistance:

- Cost of outside experts
- Cost of in-house experts

Ineligible costs

The following costs are not eligible:

- Production losses, waste or other losses caused by energy analysis activities
- In-house production labor costs
- Costs of leasing or purchasing equipment
- Costs of engineering done prior to Hydro-Québec's receipt of the proposal

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet the Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- reserves the right to review the energy analysis contract to ensure that deliverables are clearly defined within the framework of the Program;
- reserves the right to refuse to grant financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to issue a payment when electricity bills or any other amounts are owing;
- may deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program;
- shall consult you prior to disseminating any information (other than that necessary to monitor the Program) that could adversely affect your competitive position.

You, the eligible customer, shall

- demonstrate your intention to implement the recommendations deemed appropriate based on the results of the analysis;
- respect the timetable for the energy analysis agreed upon with Hydro-Québec in order to receive financial assistance under the Program;
- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the energy analysis, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received in connection with the analysis;
- periodically report to Hydro-Québec on progress made with the analysis. You shall also invite Hydro-Québec to meetings held as part of the energy analysis project;
- inform Hydro-Québec of the recommendations stemming from the energy analysis that have been implemented and the electricity savings achieved;
- agree to the disclosure of information related to the energy analysis: your name, cost of energy analysis, amounts of financial assistance, general description of recommended electricity management measures, anticipated electricity savings and, if applicable, the savings actually realized after implementation of the analysis recommendations.

An agreement between Hydro-Québec and you will confirm the definitive terms and conditions of the energy analysis to be performed.

Hydro-Québec will grant financial assistance for each energy analysis accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received on a first-come, first-served basis.

If an energy analysis is later turned down, the financial assistance allocated will be cancelled.

The terms and conditions of financial assistance will be set out in an agreement substantially similar to the standard agreement included in this guide as Appendix I-A.

3.1 Financial assistance

Financial assistance under the energy analysis component of the Program will be granted as follows:

- Up to 50% of the costs of the energy analysis, up to a maximum of \$25,000 per analysis

You may receive financial assistance for several energy analyses, up to a maximum of \$100,000 per industrial site.¹

3.2 Requirements

Energy analyses must be performed within a set time.

You must therefore provide an energy analysis report and electricity management measures implementation plan, including timetable and anticipated energy savings, within 12 months of signing the agreement with Hydro-Québec. See Appendix IV for a sample implementation plan.

If you fail to fulfill this requirement, Hydro-Québec may terminate the financial assistance for the energy analysis and demand repayment of any financial assistance you have already received.

3.3 Calculating financial assistance

To calculate the financial assistance for your energy analysis, complete Section 6 of the energy analysis proposal form [*Formulaire de proposition d'analyse énergétique*]. You can download the official French form, along with a courtesy translation, from www.hydroquebec.com/majorcustomers/ee.

Eligible costs are described in subsection 1.3.

1. The coming into effect of this amendment is conditional on approval of the Régie de l'énergie.

3.4 Payment of financial assistance

Under the Program, financial assistance is paid out in two installments. The details of the terms and conditions of payment are set out in Section 4.

1. The first installment, amounting to 50% of the contractual financial assistance allocated, is to be paid out on the signing of the agreement.
2. The second installment, amounting to the balance of the financial assistance allocated, based on eligible costs of the analysis, is to be paid out on Hydro-Québec's acceptance of the energy analysis report and electricity management measures implementation plan.

To receive payment, you must submit an invoice for each installment.

Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless you do not do business as defined within those tax systems.

Invoices must include the following information:

- Supplier's business name (organization receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of financial assistance installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction)

3.5 Other financial contributions

In your proposal, you must identify the amounts and sources of any and all financial assistance obtained or applied for.

You are not required to make a minimum financial contribution. However, total contributions, or the total financial assistance received, must not exceed the costs of the energy analysis.

There are six steps in the **energy analysis component** process:

Step 1 – Proposal

Step 2 – Agreement

Step 3 – First installment of financial assistance

Step 4 – Energy analysis

Step 5 – Energy analysis report and implementation plan

Step 6 – Second installment of financial assistance

4.1 Step 1 – Proposal

To submit a proposal that meets Program requirements, you must do the following:

- Fill in the energy analysis proposal form [*Formulaire de proposition d'analyse énergétique*]. Under our corporate directive on the *Charter of the French Language*, **you must fill out the French version of the form**. You can download the official French form, along with a courtesy translation, from www.hydroquebec.com/majorcustomers/ee.
- Submit the consultant's bid or the action plan, if drawn up by in-house staff

The bid or action plan must contain the following information:

1. Description of work to be done
 - Objectives and scope of analysis; process for carrying it out
2. Personnel involved
 - In-house staff and/or outside consultants; titles, roles and responsibilities (see Detailed Timesheet for In-House Staff, www.hydroquebec.com/majorcustomers/ee)
3. List of deliverables
 - Brief description of content
4. Costs of analysis
 - Activities; number of hours and hourly rates of labor, both in-house and outside; any other costs (see Detailed Timesheet for In-House Staff, www.hydroquebec.com/majorcustomers/ee)
5. Timetables
 - Main stages, personnel involved, number of hours, timetables

Engineering costs incurred prior to Hydro-Québec's receipt of the proposal are not eligible for financial assistance.

You may ask Hydro-Québec for further explanations to help you prepare your proposal.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Industrial Analysis and Demonstration Program – Major Customers
Services techniques
Direction – Grandes entreprises
Hydro-Québec
18^e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec will confirm receipt of the proposal and the availability of financial assistance in writing, and at the same time, inform you of the name of the engineer in charge of reviewing the proposal.

You may then contact the designated Hydro-Québec engineer to discuss any matters related to your energy analysis.

Hydro-Québec reviews proposal

Hydro-Québec then reviews your proposal.

At this stage, Hydro-Québec checks the following aspects:

1. Eligibility of energy analysis, costs and timetable
2. Validity of deliverables
3. Relevance of points to be covered in the analysis report

Hydro-Québec may ask for further details and may turn down an incomplete proposal.

Hydro-Québec confirms acceptance or rejection of energy analysis

You will be notified of the acceptance or rejection of your proposal within about four weeks of submission to Hydro-Québec.

4.2 Step 2 – Agreement

If the energy analysis is accepted, you must sign an agreement with Hydro-Québec setting out the costs of the energy analysis, the amount of financial assistance granted, a description of the energy analysis and the deliverables. See Appendix I-A for a standard energy analysis agreement.

4.3 Step 3 – First installment of financial assistance

A first installment, amounting to 50% of the contractual financial assistance allocated to the energy analysis, is to be paid out once the agreement has been signed.

To receive payment, you must issue an invoice for 50% of the contractual financial assistance allocated, as stipulated in subsection 3.4.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

4.4 Step 4 – Energy analysis

You must perform the energy analysis as stated in the agreement. You must keep Hydro-Québec informed of progress and of meetings to be held with the analysis coordinator so that the Hydro-Québec engineer can attend.

You must give the Hydro-Québec engineer designated to monitor the analysis ample notice of meetings during the main stages and of presentation of the final report.

4.5 Step 5 – Energy analysis report and implementation plan

You must carry out the energy analysis and, within 12 months of signing the agreement, submit the following documents to Hydro-Québec:

- Energy analysis report (hard copy and electronic file on CD)
- Copies of invoices for eligible costs and the completed Detailed Timesheet for In-House Staff (see www.hydroquebec.com/majorcustomers/ee)
- Electricity management measures implementation plan, including timetable and anticipated energy savings

If you fail to provide the required documents within the specified time limits, Hydro-Québec may cancel the financial assistance and require repayment of any financial assistance you have already received.

4.6 Step 6 – Second installment of financial assistance

A second and final installment, amounting to the balance of the financial assistance allocated, is to be paid out once Hydro-Québec has checked the energy analysis invoices and cost memos and accepted the final report and implementation plan.

Based on the actual cost of the analysis, Hydro-Québec will inform you in writing of the balance of financial assistance to which you are entitled. To receive payment, you must issue an invoice for the amount stipulated by Hydro-Québec as set out in subsection 3.4.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

Part A-1 ■ Continuous Measurement

An energy analysis, particularly when performed by an energy committee, is an effective way to foster a corporate culture of energy efficiency.

To complement its offering under the energy analysis component, Hydro-Québec would like to help you manage your facility's electricity consumption efficiently by enabling real-time measurement of your main processes. Hydro-Québec suggests setting up a continuous measurement project to monitor plant electricity consumption on a regular basis. The goal is to better determine just how much power you use and identify opportunities for improvement and action priorities that will lead to new energy efficiency projects. But to be effective, the monitoring of power consumption has to be embedded in the corporate culture and be a joint effort of both staff and management.

To be eligible for financial assistance for a continuous measurement project under the energy analysis component, you need to monitor your electricity consumption regularly, have an energy committee and define performance indicators that are tracked by means of a scorecard distributed throughout the company.

1.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and operates one or more industrial sites.

The industrial site must use electricity to manufacture, assemble or process goods or foodstuffs, extract raw materials, or handle or transport materials.

1.2 Eligible continuous measurement projects

For your continuous measurement project to be eligible for financial assistance, you must

- provide Hydro-Québec with a report on current electricity consumption in your entire plant, specifying whether consumption was estimated or measured and describing any measuring instruments already in place;
- define electrical indicators (for example, kilowatthours/tonne) for each of the main processes and auxiliary systems;
- determine measurement points that will cover the electricity consumption of the entire plant;
- set an electricity savings objective for each electrical indicator;
- present electrical indicators monitored on a scorecard;
- distribute the scorecard to management and employees regularly and forward it to Hydro-Québec;

- set up an energy committee that
 - meets at least three times a year;
 - submits minutes of all meetings to Hydro-Québec;
 - invites the Hydro-Québec engineer to attend at least one committee meeting per year;
 - issues an annual report consisting of at least these sections:
 - reassessment of objectives for each indicator;
 - report on measures implemented in the past year;
 - energy-saving measures implementation plan for the next year;
 - monthly monitoring of electricity consumption for the year.

1.3 Eligible costs

The following costs of carrying out a continuous measurement project are eligible for financial assistance:

- Installation of measuring instruments by in-house and outside specialists
- Purchase of measuring instruments needed to monitor electrical indicators

Ineligible costs

The following costs are not eligible:

- Purchase of measuring instruments installed for the purpose of load shedding or off-peak heating
- Purchase of measuring instruments installed to break down your electricity bill
- Production losses, waste or other losses caused by project activities
- Costs of equipment purchased from affiliates, divisions or plants of your own company
- Costs of engineering done prior to Hydro-Québec's receipt of the proposal
- Labor costs incurred prior to Hydro-Québec's receipt of the proposal and the costs of equipment for which purchase orders were issued prior to that date are not eligible for financial assistance.

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet the Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- reserves the right to refuse to grant financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to issue a payment when electricity bills or any other accounts are owing;
- may deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program;
- shall consult you prior to disseminating any information (other than that necessary to monitor the Program) that could adversely affect your competitive position.

You, the customer, shall

- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the project, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received for the project;
- periodically report to Hydro-Québec on progress made with the project;
- invite the Hydro-Québec engineer to attend at least one meeting of the energy committee per year, at the engineer's convenience;
- inform Hydro-Québec of the recommendations stemming from monitoring of electricity consumption performed and the electricity savings achieved;
- allow the disclosure of information related to the project: your company name, project costs, amount of financial assistance, associated electricity management measures and any electricity savings actually realized as a result of those measures;
- comply with all the requirements set out in this guide, including meeting the deadline for carrying out the project and supplying all deliverables, reports and information on time:
 - provide copies of purchase orders within 4 months of the signing of the agreement;
 - carry out the project within 24 months, including a 12-month measurement period.

An agreement between Hydro-Québec and you will confirm the definitive terms and conditions of the project.

If you fail to fulfill these requirements, Hydro-Québec may terminate the agreement and demand repayment of any financial assistance you have already received.

Hydro-Québec will grant financial assistance for each continuous measurement project accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received on a first-come, first-served basis.

If a project is later turned down, the financial assistance allocated will be cancelled.

The terms and conditions of the financial assistance are set out in an agreement.

3.1 Financial assistance granted

For a continuous measurement project, Hydro-Québec will grant financial assistance for the purchase and installation of measuring instruments. This assistance is limited to the lower of the following amounts:

- 50% of eligible project costs
- \$75,000 per project

You may receive financial assistance for several projects, up to a maximum of \$75,000, on the basis of the following criteria:

- One or more service contracts for the same site – \$75,000 per site
- One or more sites for the same service contract – \$75,000 per service contract

3.2 Calculating financial assistance

You can calculate your financial assistance by referring to Section 6 of the proposal form for a continuous measurement project that came with this guide.

Eligible costs are described in subsection 1.3 above.

3.3 Payment of financial assistance

Under the Program, financial assistance is paid out in two installments, as detailed in Section 4.

1. The first installment, amounting to 50% of the contractual financial assistance allocated, is to be paid out once the agreement has been signed.
2. A second installment, corresponding to the balance of the financial assistance, is to be paid out after a year of continuous measurement.

To receive payment, you must submit an invoice for each installment. Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are subject to the goods and services tax (GST) and Québec sales tax (QST), unless your organization is not required by law to collect those taxes.

Invoices must contain the following information:

- Supplier's business name (organization receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of financial assistance installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction).

3.4 Other financial contributions

In your proposal, you must identify any and all financial assistance obtained or applied for, specifying which amounts come from which sources.

You are not required to make a minimum financial contribution. However, total contributions, or total financial assistance received, shall not exceed the costs of the continuous measurement project.

4

Continuous Measurement Project Process

There are six steps in a continuous measurement project:

Step 1 – Proposal

Step 2 – Agreement

Step 3 – First installment of financial assistance

Step 4 – Measuring instrument start-up and electrical indicator monitoring

Step 5 – Continuous measurement for a year

Step 6 – Second installment of financial assistance

4.1 Step 1 – Proposal

To submit a proposal that meets Program requirements, you must complete these steps:

- Fill in the continuous measurement project proposal form [*Formulaire de proposition pour un projet de mesurage en continu*]. The form can be downloaded from www.hydroquebec.com/majorcustomers/ee.
- Provide the detailed cost breakdown of bids received for equipment purchase and installation (see sample in Appendix III); the French Excel file required, along with a courtesy translation, can be downloaded from www.hydroquebec.com/majorcustomers/ee.
- Provide the following information, which must be submitted with the proposal form (see Section 7 of proposal form):
 - Report on current electricity use, showing whether use was estimated or measured and describing measuring instruments already in place
 - Description of measurement points that will cover electricity use of entire plant
 - Description of measuring instruments
 - Description of electrical indicators
 - Model scorecard for monitoring electrical indicators
 - Project timetable
 - List of energy committee members
 - Planned dates of energy committee meetings, if known

Your proposal will not be considered unless you provide all the required documents in the stipulated format.

You must ensure the accuracy of the estimated project costs and timetable. To do so, you must obtain bids for the purchase and installation of equipment. Eligible costs are described in subsection 1.3.

Engineering costs incurred prior to Hydro-Québec's receipt of the proposal and the costs of equipment for which purchase orders were issued prior to that date will not be considered in the calculation of financial assistance.

You may ask Hydro-Québec for further explanations to help in preparing your proposal.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Continuous Measurement
Industrial Analysis and Demonstration Program – Major Customers
Services techniques
Direction – Grandes entreprises
Hydro-Québec
18^e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec will send you written confirmation of receipt of your proposal and availability of financial assistance, and, at the same time, provide the name of the engineer in charge of reviewing your proposal.

You may then contact the designated Hydro-Québec engineer to discuss any matters related to your project.

Hydro-Québec reviews proposal

Hydro-Québec then reviews your proposal. At this stage, Hydro-Québec checks the following:

- Eligibility of project and costs
- Validity of electrical indicators
- Appropriateness of measurement points

Hydro-Québec may ask for further details and may turn down an incomplete proposal.

Hydro-Québec confirms acceptance or rejection of proposal

You will be notified of the acceptance or rejection of your proposal within about six weeks of submission to Hydro-Québec.

4.2 Step 2 – Agreement

If your project is accepted, you must sign an agreement with Hydro-Québec setting out the project costs, the amount of financial assistance granted and a description of the project.

You must order the equipment for the project and send a copy of the purchase orders to Hydro-Québec within four months of the signing of the agreement.

Your energy committee must be established before the agreement is signed.

If you fail to provide copies of the purchase orders for the project within four months, Hydro-Québec may refuse to grant financial assistance to the project.

4.3 Step 3 – First installment of financial assistance

The first installment, amounting to 50% of the contractual financial assistance allocated to the project, is to be paid out once Hydro-Québec has checked all the purchase orders and the cost breakdown. To receive payment, you must issue an invoice for 50% of the financial assistance granted, as stipulated in subsection 3.3.

The installment will be paid out within 45 days of receipt of your invoice and required documents.

4.4 Step 4 – Measuring instrument start-up and electrical indicator monitoring

You must periodically report on progress to the Hydro-Québec engineer assigned to your project.

The Hydro-Québec engineer may visit your facility at any time during regular business hours to ensure that the project is being carried out as stipulated in the agreement and the Program.

You must submit the following to Hydro-Québec:

- Equipment start-up report
- Copies of invoices and cost memos
- Cost breakdown (Excel file)
www.hydroquebec.com/majorcustomers/ee

Three months after equipment start-up,

- the energy committee must have met at least once;
- you must notify Hydro-Québec of upcoming energy committee meetings and invite the Hydro-Québec engineer to attend at least one committee meeting per year;
- you must provide the distribution list and planned distribution frequency for the scorecard;
- you must have sent the scorecard to the distribution list at least once.

4.5 Step 5 – Continuous measurement for a year

You must perform continuous measurement for at least 12 months. During that time, you must

- regularly forward the updated scorecard distributed within your company to Hydro-Québec;
- hold at least three energy committee meetings;
- forward the minutes of all energy committee meetings to Hydro-Québec;
- ensure that the Hydro-Québec engineer has attended at least one meeting of the energy committee.

4.6 Step 6 – Second installment of financial assistance

A second installment, corresponding to 50% of the financial assistance allocated to the project, is to be paid once you have delivered all the deliverables, reports and information required at steps 4 and 5, and Hydro-Québec has checked the energy committee's annual report, the cost breakdown, and the copies of invoices and cost memos.

The energy committee's annual report must consist of at least the sections listed below:

- Reassessment of objectives for each indicator
- Description of measures implemented in the past year
- Energy management measures implementation plan for the next year
- Monthly monitoring of electricity consumption for the year

To receive payment, you must issue an invoice for 50% of the financial assistance granted, as stipulated in subsection 3.1.

Deliverables – Continuous Measurement Projects

Step	Time limit	Description	Your deliverables
1 Proposal		You ■ Determine - measurement points - electrical indicators ■ If there is already an energy committee, provide - list of members - meeting dates ■ Get bids for measuring instruments ■ Prepare a continuous measurement project proposal for Hydro-Québec, including all documents required Hydro-Québec ■ Provides written confirmation of receipt of proposal and availability of financial assistance ■ Reviews proposal ■ Accepts or refuses continuous measurement project proposal	■ Proposal form ■ Cost breakdown
2 Agreement	Order equipment 4 months	You ■ Ensure that energy committee has been set up ■ Sign agreement with Hydro-Québec ■ Order measuring instruments for project	■ Signed agreement
3 First installment of financial assistance (50%)	45 days	Hydro-Québec ■ Pays out Installment 1 of financial assistance: 50% of contractual amount allocated to project	■ Copies of purchase orders ■ Cost breakdown ■ Invoice for Installment 1
4 Start up measuring instruments and monitor electrical indicators		You ■ Start up measuring instruments ■ Three months after equipment start-up: - Ensure that energy committee has met at least once - Inform Hydro-Québec of upcoming energy committee meetings	■ Start-up report ■ Distribution list and planned distribution frequency for scorecard ■ First scorecard ■ Copies of invoices and cost memos ■ Updated cost breakdown
5 Continuous measurement for a year	24 months after signing of agreement	You ■ Perform continuous measurement for 12 months ■ Hold at least three energy committee meetings within the year Hydro-Québec ■ Attends at least one energy committee meeting	■ Copies of updated scorecard distributed within company ■ Minutes of energy committee meetings
6 Second installment of financial assistance (50%)	45 days	Hydro-Québec ■ Examines all information and documents provided at steps 4, 5 and 6 ■ Pays out Installment 2 of financial assistance: 50% of contractual amount allocated to project	■ Final copies of invoices and cost memos ■ Final cost breakdown ■ Annual report of energy committee ■ Invoice for Installment 2

Part B ■ Technology Demonstration Component

The following definitions are specific to the technology demonstration component.

Adjusted electricity savings

Difference between electricity consumption **before** and **after** implementation of the new technology, adjusted to take into account discrepancies between the level of production at the time the measurement was done and baseline production.

Baseline production

Set of parameters for most typical production at the industrial site.

Demonstration project

A project proposed or carried out under the technology demonstration component.

Production parameters

Measurable factors affecting how much electricity a process requires, including such things as product variations, use of production capacity and seasonal factors.

Specific electricity consumption

Mean amount of electricity used per unit produced.

Specific electricity savings

Difference between specific electricity consumption **before** and **after** implementation of the new technology, excluding electricity savings resulting from any energy substitution.

2.1 Eligible customers

The Program is open to any corporation, partnership or organization that has at least one service contract at large-power rates and operates one or more industrial sites.

The industrial site must use electricity to manufacture, assemble or process goods or foodstuffs, extract raw materials, or handle or transport materials.

2.2 Objectives of a demonstration project

The purpose of a demonstration project is to establish the energy efficiency of a new technology with excellent potential to reduce specific electricity consumption (per unit produced), with the goal of disseminating the results and encouraging adoption of the technology by the industry.

You must sign an agreement with Hydro-Québec in advance regarding the disclosure of any information associated with the demonstrated technology.

2.3 Eligible projects

The following projects are eligible:

- Replacement or upgrading of existing equipment with a new technology that makes highly efficient use of electricity

The technology being demonstrated must meet the following criteria:

- Commercially available
- Payback period of less than 10 years, when costs are recouped solely through electricity savings
- Not used in Québec because it is associated with certain risks or is unknown

Ineligible projects

The following projects are not eligible:

- Projects involving the use of equipment less efficient than required by applicable standards
- Building or expanding plants
- Replacing an energy source with fossil fuels
- Power generation or cogeneration projects

2.4 Eligible costs

The following costs of a demonstration project are eligible for financial assistance:

- Purchase of equipment, including instruments for measuring electricity consumption
- Installation and start-up of equipment done by outside consultants
- Testing and fine-tuning
- Measurements taken by outside consultants **before** and **after** installation of equipment
- Engineering done by outside consultants

Ineligible costs

The following costs are not eligible:

- Production losses, dismantling the demonstration project, waste or other losses caused by implementation of electricity management measures, and operating, repair and maintenance costs
- In-house production labor costs
- The costs of equipment purchased from affiliates, divisions or plants of the same company are ineligible; only transfer charges are eligible

Engineering costs incurred prior to Hydro-Québec's receipt of the proposal and the costs of purchasing equipment for which purchase orders were issued prior to that date are not eligible for financial assistance.

Hydro-Québec

- reserves the right to turn down any proposal that fails to meet the Program criteria or when Program funds run out, and also reserves the right to amend or terminate the Program at any time without notice;
- shall promote cooperation between customers and manufacturers and encourage the involvement of industrial associations if the project so requires;
- reserves the right to refuse to grant financial assistance if it cannot obtain reasonable assurances of your company's financial health and long-term operation;
- may refuse to grant financial assistance or to issue a payment when electricity bills or any other amounts are owing;
- may deduct from the financial assistance any amount owing, including any electricity bill, whether overdue or not, or any deposit required on a service contract you hold;
- shall not be held liable for damage or injury of any kind whatsoever arising from the Program.

You, the eligible customer, shall

- be responsible for selecting the new technology and for assessing the electricity savings objectives and costs. You shall demonstrate that the electricity savings have been achieved by measuring consumption in accordance with Program requirements;
- respect the timetable for carrying out the demonstration project agreed upon with Hydro-Québec in order to receive financial assistance under the Program;
- not hire a third party to represent you in your dealings with Hydro-Québec. The financial assistance is strictly reserved for you, and you shall remain solely responsible for the results of the demonstration project, no matter what other parties may have been involved;
- inform Hydro-Québec of any other financial assistance received in connection with the demonstration project;
- periodically report to Hydro-Québec on progress made with the project. You shall also allow Hydro-Québec to check equipment installation, start-up and performing "before" and "after" measurements during regular business hours;
- sign an agreement with Hydro-Québec in advance concerning disclosure of any information related to the demonstration project with the goal of disseminating the results and encouraging adoption of the technology by the industry.

An agreement between Hydro-Québec and you will confirm the definitive terms and conditions of the demonstration project.

Hydro-Québec will grant financial assistance under the Program for each demonstration project accepted, on the basis of the criteria described in this section.

Since the budget is limited, Hydro-Québec will allocate the financial assistance available at the time proposals are received on a first-come, first-served basis.

If a project is later turned down, the financial assistance allocated will be cancelled.

The terms and conditions of financial assistance will be set out in an agreement between you and Hydro-Québec.

4.1 Financial assistance

For the new technology demonstration component, Hydro-Québec will grant financial assistance on a case-by-case basis according to the following guidelines:

1. Up to 50% of the costs of the demonstration project
2. Up to \$300,000 per project

You may receive financial assistance for several projects, up to a maximum of \$300,000, on the basis of either of the following criteria:

- One or more service contracts for the same site—\$300,000 per site
- Several sites under the same service contract—\$300,000 per contract

The specific terms and conditions of the financial assistance will be determined on a case-by-case basis for the technology demonstrations proposed.

4.2 Requirements

The electricity-saving objectives must be achieved within a set time.

You must therefore

- provide purchase orders for equipment within 6 months of signing the agreement with Hydro-Québec;
- complete the project, including measurements, within 24 months of signing the agreement with Hydro-Québec.

If you fail to fulfill these requirements, Hydro-Québec may terminate the financial assistance for the demonstration project and demand repayment of any financial assistance you have already received.

4.3 Your minimum contribution

In your proposal, you must identify the sources and amounts of any and all financial assistance obtained or applied for. You must assume at least 25% of the eligible costs of the project, taking into account all financial assistance from other sources.

4.4 Calculating financial assistance

To calculate the financial assistance for your project, complete Section 9 of the demonstration project proposal form [*Formulaire de proposition pour un projet de démonstration*]. You can download the official French form, along with a courtesy translation, from www.hydroquebec.com/majorcustomers/ee.

Eligible costs are described in subsection 2.4.

The cost of electricity to be used in calculating financial assistance is the mean annual cost based on Rate L and your electricity bill for the preceding year.

The payback period is calculated by dividing the total eligible costs of the project by the electricity savings.

4.5 Payment of financial assistance

Under the Program, financial assistance—for a demonstration project that is completed on time and within budget and meets its electricity savings objectives—is paid out in three installments. The details of the terms and conditions of payment are set out in Section 5.

1. The first installment, amounting to 25% of the contractual financial assistance allocated to the demonstration project, is to be paid out at the start of the project.
2. The second installment, amounting to 50% of the total financial assistance allocated, is to be paid out following equipment start-up.
3. The third and final installment, amounting to the balance of the total financial assistance allocated, based on project results, is to be paid out on completion of the project.

To receive payment, you must submit an invoice for each installment.

Invoices shall include the usual applicable taxes. Payments by Hydro-Québec under the Program are subject to the goods and services tax (GST) and Québec sales tax (QST), unless you do not do business as defined within those tax systems.

Invoices must include the following information:

- Supplier's business name (organization receiving financial assistance)
- Invoice date
- Total amount of goods or services supplied (amount of financial assistance installment)
- GST and QST registration numbers
- Amounts of GST and QST, shown separately
- Name of purchaser (Hydro-Québec)
- Description of goods or services supplied (object of transaction)

The process of the **technology demonstration component** is shown in the flowchart on the next page. The eight steps in the process are listed below and explained in detail on the following pages.

Step 1 – Proposal

Step 2 – “Before” measurements

Step 3 – Agreement

Step 4 – First installment of financial assistance

Step 5 – Equipment start-up

Step 6 – Second installment of financial assistance

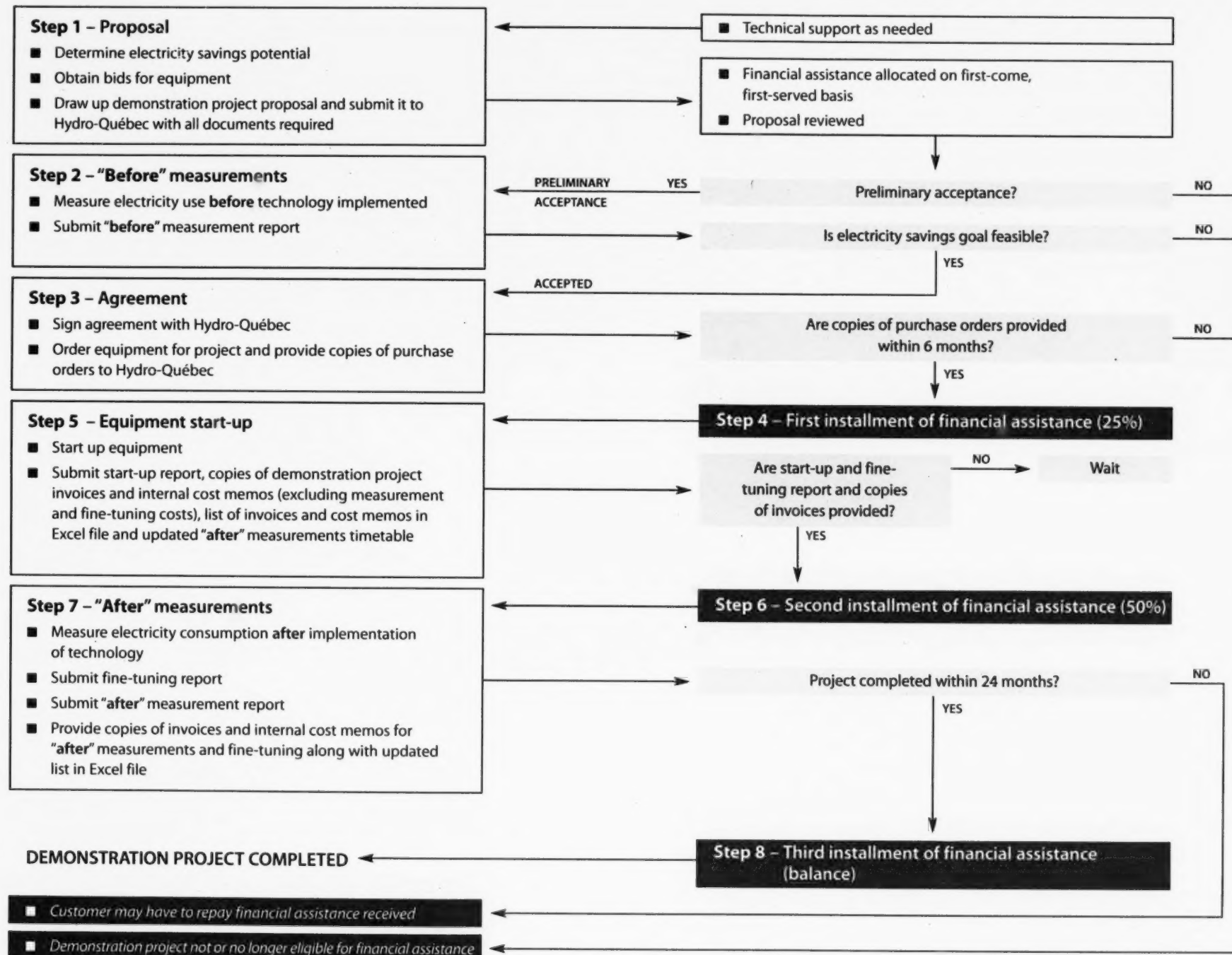
Step 7 – “After” measurements

Step 8 – Third installment of financial assistance

Flowchart for Technology Demonstration Component

Customer

Hydro-Québec



5.1 Step 1 – Proposal

Before drawing up a proposal for a demonstration project, you are encouraged to ask your commercial officer to put you in touch with the people in Hydro-Québec's technical services department.

You should explore the opportunities for projects demonstrating a new technology, and if they look promising, submit a proposal for a demonstration project to Hydro-Québec. To submit a proposal that meets Program requirements, you must do the following:

- Fill in the demonstration project proposal form [*Formulaire de proposition pour un projet de démonstration*].
Under our corporate directive on the *Charter of the French Language*, **you must fill out the French version of the form**. You can download the official French form, along with a courtesy translation, from www.hydroquebec.com/majorcustomers/ee.
- Submit the plan for measuring electricity consumption **before and after** implementation (see Section 6).
- Provide the cost breakdown of bids received for equipment purchase and installation (see sample in Appendix III); the French Excel file, along with a courtesy translation, can be downloaded from www.hydroquebec.com/majorcustomers/ee.
- Provide the documents that must accompany the proposal form, as described in Section 10 of the form. Your proposal will not be considered unless you provide all the required documents in the stipulated format.

You must ensure the accuracy of the estimated electricity savings, project costs and timetables. To do so, you must obtain bids for the purchase and installation of equipment. Eligible costs are described in subsection 2.4.

Engineering costs incurred prior to Hydro-Québec's receipt of the proposal and the costs of equipment for which purchase orders were issued prior to that date are not eligible for financial assistance.

You may ask Hydro-Québec for further explanations to help you prepare your proposal.

Submitting a proposal

The proposal form and accompanying documents must be delivered to the address below:

Industrial Analysis and Demonstration Program – Major Customers
Services techniques
Direction – Grandes entreprises
Hydro-Québec
18^e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Hydro-Québec confirms receipt

Hydro-Québec will confirm receipt of the proposal and the availability of financial assistance in writing, and at the same time, inform you of the name of the engineer in charge of reviewing the proposal.

You may then contact the designated Hydro-Québec engineer delivered to discuss any matters related to your project.

Hydro-Québec reviews proposal

Hydro-Québec then reviews your proposal as part of a preliminary screening process.

At this stage, Hydro-Québec checks the following aspects:

1. Eligibility of project, proposed new technology and costs
2. Validity of methods of measuring electricity consumption
3. Feasibility of electricity savings objectives
4. Project timetable

Hydro-Québec may ask for further details and may turn down an incomplete proposal.

Hydro-Québec confirms acceptance or rejection of proposal

You will be notified of the preliminary acceptance or rejection of your proposal within about eight weeks of submission to Hydro-Québec.

5.2 Step 2 – “Before” measurements

After Hydro-Québec’s preliminary acceptance of the proposal, you must immediately measure the electricity consumption targeted by the project, using the methods set out in the measurement plan submitted with the project proposal.

If the data supplied in the proposal are from measurements already taken or production data deemed valid by Hydro-Québec, you may be allowed to skip this step.

It is advisable to take preliminary “before” measurements and submit them to the Hydro-Québec engineer for comment **before** taking exhaustive measurements.

Once the measurements have been taken, you submit a report on “before” consumption, signed by a member of the Ordre des ingénieurs du Québec (OIQ), to Hydro-Québec. After reviewing the measurement report, Hydro-Québec will agree or refuse to grant financial assistance for the project.

If a project proposal is rejected, the measurement costs are to be assumed solely by you.

5.3 Step 3 – Agreement

If the demonstration project is accepted, you must sign an agreement with Hydro-Québec setting out the electricity savings objectives, the project costs, the amount of financial assistance granted, a description of the project and an “after” measurement plan.

You must order the equipment for the demonstration project and send a copy of the purchase orders to Hydro-Québec within six months of the signing of the agreement.

If you fail to provide copies of the purchase orders for the demonstration project within six months, Hydro-Québec may refuse to grant financial assistance to the project.

5.4 Step 4 – First installment of financial assistance

The first installment, amounting to 25% of the contractual financial assistance allocated to the demonstration project, is to be paid out once Hydro-Québec has checked all the purchase orders and the cost breakdown.

To receive payment, you must issue an invoice for 25% of the financial assistance granted, as stipulated in subsection 4.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

5.5 Step 5 – Equipment start-up

You must periodically report on progress to the Hydro-Québec engineer in charge of monitoring your project.

The Hydro-Québec engineer may visit your facility at any time, during normal business hours, to ensure that the project is being carried out as required by the agreement and the Program.

You must submit the following documents to Hydro-Québec:

- Equipment start-up report
- Copies of invoices for the demonstration project and internal cost memos (excluding those for “after” measurements)
- Cost breakdown (Excel file)
- Updated “after” measurement timetable

5.6 Step 6 – Second installment of financial assistance

The second payment, amounting to 50% of the total financial assistance allocated to the project, is to be paid out once Hydro-Québec has checked the start-up report, cost breakdown, copies of invoices and cost memos, and the updated “after” measurement timetable. To receive payment, you must issue an invoice for 50% of the financial assistance granted, as stipulated in subsection 4.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

5.7 Step 7 – “After” measurements

You must measure electricity consumption after implementation of the new technology, as set out in the measurement plan approved by Hydro-Québec.

It is advisable to take the measurements in two stages:

- A preliminary data series is obtained and submitted to the Hydro-Québec engineer for comment; you must adjust your measurement method in response to the opinion of the Hydro-Québec engineer
- Completion of all measurements

The Hydro-Québec engineer may be present while measurements are taken and, if necessary, make sure that the method and instruments used, as well as the equipment whose consumption is being measured and operating and load cycles, are consistent with those defined in your measurement plan.

Within 24 months of the signing of the agreement, you must provide Hydro-Québec with the following documents:

- “After” measurement report, signed by an OIQ member
- Copies of invoices and internal cost memos for “after” measurements
- Updated cost breakdown (Excel file)

If you fail to provide the required documents within the specified time limits, Hydro-Québec may cancel the financial assistance granted and require repayment of any financial assistance you have already received.

5.8 Step 8 – Third installment of financial assistance

The third and final installment, amounting to the balance of the financial assistance allocated to the project, is to be paid out once Hydro-Québec has checked and accepted the "after" calculation and measurement report, as well as invoices and cost memos demonstrating that the electricity savings objectives have been achieved, within budget.

Based on the project results, Hydro-Québec will inform you in writing of the balance of financial assistance to which you are entitled. To receive payment, you must issue an invoice for the amount stipulated by Hydro-Québec, as set out in subsection 4.5.

If everything is in order, Hydro-Québec will issue payment within 45 days of receiving the invoice.

Deliverables – New Technology Demonstration Component

Step	Time limit	Description	Your deliverables
1 Proposal		You ■ Assess achievable electricity savings ■ Obtain tenders for equipment ■ Prepare and submit demonstration project proposal to Hydro-Québec with all required documents Hydro-Québec ■ Confirms receipt of proposal and sets aside financial assistance ■ Goes through preliminary approval process	■ Demonstration project proposal form (in French) ■ Project measurement plan ■ Cost breakdown
2 "Before" measurements		You ■ Measure consumption before implementation of electricity management measures Hydro-Québec ■ Issues final approval of project	■ "Before" measurement report
3 Agreement	Order equipment 6 months	You ■ Sign agreement with Hydro-Québec ■ Order equipment for project	■ Signed agreement
4 First installment	45 days	Hydro-Québec ■ Pays out first installment of financial aid, equal to 25% of contractual amount allocated to project	■ Copies of purchase orders ■ Updated cost breakdown ■ Invoice for first installment
5 Equipment start-up		You ■ Start up equipment	■ Start-up report ■ "After" measurement timetable, updated
6 Second installment	Within 24 months of signing agreement	Hydro-Québec ■ Checks that all required documents have been provided and are in order ■ Pays out second installment of financial aid, equal to 50% of contractual amount allocated to project	■ Copies of invoices ■ Updated cost breakdown ■ Invoice for second installment
7 "After" measurements		You ■ Measure consumption after implementation of electricity management measures	■ "After" measurement report
8 Third installment	45 days	Hydro-Québec ■ Examines measurement report and documents you have provided ■ Reviews total financial assistance and adjusts in light of results ■ Pays out third installment of financial aid, equal to balance of amount allocated to project	■ Final copies of invoices ■ Final cost breakdown ■ Invoice for third installment

Only demonstration projects that include a measurement plan meeting the Hydro-Québec requirements described in this section are eligible for the Program.

You are responsible for measuring electricity consumption **before** and **after** the demonstration project is carried out.

Measurement methods vary in terms of precision and accuracy, depending on the project proposed. The choice of method is based on the following factors:

- Predictability of equipment operating cycles
- Availability of data for assessing electricity savings
- Impact of production variations on electricity consumption
- Cost-effectiveness of measurement method

To help you select satisfactory measurement methods, Hydro-Québec has developed guidelines based on the International Performance Measurement and Verification Protocol (IPMVP), used internationally to measure energy savings. Under these guidelines, measurement methods fall into three categories of increasing precision and accuracy. A table briefly describing the methods is given on the next page.

6.1 Selection of measurement method

It is up to you to select a measurement method, based on the Hydro-Québec requirements described in this section. You are also responsible for the validity of calculations and measurements. You must provide Hydro-Québec with copies of any references used for calculations and copies of any and all measurement data.

The measurement methods must be set out in a measurement plan (see subsection 6.2).

Type of measurement	Description	Typical applications
I – Stipulated savings	Electricity savings are estimated based on engineering calculations and statistical methods using typical equipment specifications (data sheets, nameplate ratings, tables of recognized electricity savings, system case studies, etc.) and generic operating data, without testing or metering on site.	Equipment subject to energy efficiency standards or standardized measurements (e.g., high-efficiency motors, lighting)
II – Basic measurements	Electricity savings are estimated based on engineering calculations using typical equipment specifications (data sheets, nameplate ratings, tables of recognized electricity savings, system case studies, etc.) and generic operating data, supported by short-term measurements or by simple monitoring over a limited period of time.	Equipment or systems with short operating cycles
III – Complete measurements	Electricity savings are estimated based on detailed monitoring over a period providing a representative sample of operating profiles, and in some instances, on an analysis of plant production profiles over an extended period of time.	Equipment, systems or processes with major variations in load and with long operating cycles

6.2 Measurement plan

You must draw up a plan for determining electricity consumption that describes measurement methods to be used **before** and **after** implementation of the demonstration project.

The measurement plan must demonstrate to the satisfaction of Hydro-Québec that the chosen monitoring, analysis and calculation methods are appropriate, precise enough and suited to operations.

It is a good idea to have Hydro-Québec check the measurement plan before you start taking the “**before**” measurements required for the proposal.

The measurement plan must be submitted with the project proposal.

Contents of measurement plan

A measurement plan must cover at least the following points.

1. Description of project and project site
 - Project perimeter
 - Baseline production
 - Key production parameters liable to affect electricity savings
2. Description of measurement methods proposed for the demonstration project
 - **Before** implementation of the new technology (already done or to be done, as the case may be)
 - **After** implementation of the new technology
 - Preliminary measurement campaign, to be checked by Hydro-Québec, if measurement requires a long period
 - Measurement campaign
 - Assumptions regarding chief variables and unknowns
3. Name of firm or in-house coordinator in charge of measurement and preparing analyses, reports and documentation
4. Description of calculation method and any tools used (software, tables, etc.)
 - Complete process indicating how data is obtained and how it is used to perform calculations
 - All equations used
5. Measurement details
 - Description of instruments used
 - Timetable describing duration of measurements, including preliminary measurement campaign so that Hydro-Québec can check the data
 - Data-checking method
 - Data format
6. Electricity savings adjustment
 - Definition of how electricity savings are adjusted in relation to baseline production
7. Description of sampling method used (when required)
 - Reasons for sampling decisions
 - Sample size
 - Information on sample selection
 - Information on random definition of measurement points

References

Technical energy efficiency literature can be downloaded from
www.hydroquebec.com/majorcustomers/ee.

**Appendix I-A ■ Standard Energy Analysis Agreement –
Industrial Analysis and Demonstration
Program – Major Customers**

ENERGY ANALYSIS AGREEMENT – INDUSTRIAL ANALYSIS AND DEMONSTRATION PROGRAM – MAJOR CUSTOMERS

*The English version of this standard agreement is provided for information purposes only.
In all cases, the original French version shall prevail.*

By and between

Customer Inc., a corporation duly incorporated under
the laws of Canada, represented by its group
_____, having offices at
_____, province of Québec,
Canada _____,

hereinafter "the Customer,"

and

Hydro-Québec, a government corporation established
by the *Hydro-Québec Act* (R.S.Q., H-5), having its head office
at 75, boul. René-Lévesque Ouest, Montréal,
province of Québec, Canada H2Z 1A4,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SUBJECT OF AGREEMENT

Under the Industrial Analysis and Demonstration Program – Major Customers
("the Program"), as described in the amended version dated September 2008,
Hydro-Québec agrees to grant financial assistance to the Customer so that
it may carry out an energy analysis ("the Analysis") at [description of site].

The Analysis project bears the number AA-_____ and is identified
by the title _____.

The Analysis is described in Schedule I.

Project No: _____

2. HYDRO-QUÉBEC'S UNDERTAKINGS

- 2.1 Hydro-Québec agrees to grant to the Customer financial assistance of \$ _____. This financial assistance shall be paid in two (2) installments, as stipulated in subsections 2.2 and 2.3. The financial assistance is granted conditionally and shall be paid provided that the Customer fulfills the terms and conditions of the Program, as set out in Schedule II, in their entirety.

The financial assistance shall in no case be increased, but may be decreased, depending on the actual costs of the Analysis.

Any failure on the part of the Customer to meet the deadline set for producing the Analysis report may result in the loss of the financial assistance allocated.

- 2.2 **A first installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Analysis, shall be paid out within forty-five (45) days of the signing of the agreement, upon receipt of an invoice issued by the Customer, as per Section 5.
- 2.3 **A second and final installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Analysis, shall be paid once Hydro-Québec has checked the Analysis, associated cost memos and invoices, and plan for implementation of selected electricity management measures identified in the Analysis ("the Implementation Plan"). For each of the selected measures, the Implementation Plan shall indicate the planned date of implementation and the anticipated annual energy savings. Hydro-Québec must receive the Implementation Plan, showing that the Analysis was within budget, within twelve (12) months of the signing of the agreement; otherwise Hydro-Québec shall be under no obligation to pay out the financial assistance. The amount of the second and final installment may be reduced, or repayment of the initial installment may be required by Hydro-Québec, should the actual costs of the Analysis be lower than estimated. Upon receipt of all the required documents, Hydro-Québec shall confirm the financial assistance and inform the Customer of the amount of the final payment, for which the Customer shall issue an invoice, or of the repayment required, for which Hydro-Québec shall issue an invoice. Payment shall be made by Hydro-Québec or the Customer, as the case may be, within forty-five (45) days of receiving an invoice from the other party as per Section 5.

3. CUSTOMER'S UNDERTAKINGS

- 3.1 The Customer agrees to complete the Analysis and Implementation Plan and submit copies thereof to Hydro-Québec within twelve (12) months of the signing of the agreement.
- 3.2 The Customer shall not delegate a third party to represent it in its dealings with Hydro-Québec.
- 3.3 The Customer shall periodically report to Hydro-Québec on the progress made and shall invite Hydro-Québec to meetings held as part of the Analysis.
- 3.4 The Customer agrees to inform Hydro-Québec of any recommendations resulting from the Analysis that are implemented, for a period of five (5) years after the signing of the agreement.
- 3.5 The Customer agrees to report to Hydro-Québec the sources and amounts of any and all financial assistance obtained or applied for with respect to the Analysis and acknowledges that the sum total of these amounts shall at no time exceed the cost of the Analysis.
- 3.6 The Customer shall assume responsibility for performing the Analysis and shall indemnify and hold harmless Hydro-Québec and its employees from and against any damage, claims or legal proceedings that may arise directly or indirectly from the Analysis.
- 3.7 The Customer agrees to mention in any media releases, publicity or advertising concerning the Analysis that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.
- 3.8 The Customer shall allow Hydro-Québec to make copies of the Analysis report for internal purposes and declares that it has the right to grant permission for such use.
- 3.9 The Customer agrees to abide by all the terms, conditions and requirements of the Program, as set out in Schedule II hereof.

- 3.10 **Failure to pay.** Hydro-Québec may deduct from any installment of the financial assistance any amount owing to it, including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Analysis.

4. CONFIDENTIALITY

- 4.1 The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, without limiting the generality of the foregoing, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, studies and ideas—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:
- (i) The Customer's name, the cost of the Analysis, the amounts of financial assistance granted, the recommended electricity management measures, the anticipated energy savings and, if applicable, the savings actually realized after implementation of the Analysis recommendations;
 - (ii) Any information that was in the public domain at the time it was disclosed;
 - (iii) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec's;
 - (iv) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;
 - (v) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.
- 4.2 Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position.

5. TAX IMPLICATIONS

- 5.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.
- 5.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip, as required by the Québec *Taxation Act*, as a record of financial assistance paid.

6. ASSIGNMENT

This agreement shall not be assigned, sold or transferred, in whole or in part, without the consent of Hydro-Québec.

The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

7. CANCELLATION

Hydro-Québec may cancel this agreement upon simple written notice if the Customer fails to fulfill any of its undertakings or obligations hereunder, or if the Customer becomes insolvent, declares bankruptcy or disposes of its property.

8. AMENDMENTS

Any amendment to this agreement shall be made in writing and signed by the parties.

9. REPRESENTATIVES OF PARTIES

The persons named below shall represent the parties for the purposes of this agreement.

For Hydro-Québec

For Customer Inc.

Name

Name

Engineer – Technical Services

Title

Direction – Grandes entreprises
Hydro-Québec
18^e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Telephone: 514 879-4100, ext. _____

Telephone: _____

E-mail: _____

E-mail: _____

Fax: _____

Fax: _____

Should either party replace its representative, it shall notify the other party to this effect in writing.

10. AGREEMENT DOCUMENTS

- 10.1 Schedules I and II mentioned herein are an integral part of the agreement. The Customer hereby declares that it has read Schedule II, the amended version dated September 2008 of the Industrial Analysis and Demonstration Program – Major Customers provided on CD-ROM, and agrees to all its terms, conditions and requirements.
- 10.2 Hydro-Québec reserves the exclusive right to interpret the terms, conditions and requirements of the Program.

11. APPLICABLE LAWS

The parties agree that this agreement shall be governed by the laws applicable in Québec and that any legal proceedings arising herefrom shall be instituted in the judicial district of Montréal.

12. EFFECTIVE DATE AND TERM OF AGREEMENT

This agreement shall come into effect on the last date that the agreement is signed by either of the parties and shall remain in force until the obligations of both parties stipulated in subsection 2.3 have been met.

IN WITNESS WHEREOF, THE PARTIES, HAVING READ AND ACCEPTED
THIS AGREEMENT AND THE CLAUSES HEREIN CONTAINED, HAVE THEREFORE
DULY SIGNED:

Important note

Under our corporate directive on the Charter of the French Language, the French version of this Agreement must be signed.

SCHEDULE I

Description of Energy Analysis

Project No: _____

SCHEDULE II

**Program Guide on CD-ROM
(in folder pocket)**

Project No: _____

**Appendix I-B ■ Continuous Measurement Project Agreement –
Industrial Analysis and Demonstration Program –
Major Customers**

**CONTINUOUS MEASUREMENT PROJECT AGREEMENT –
INDUSTRIAL ANALYSIS AND DEMONSTRATION INITIATIVES
PROGRAM – MAJOR CUSTOMERS**

*The English version of this standard agreement is provided for information purposes only.
In all cases, the original French version shall prevail.*

By and between

Customer Inc., a corporation duly incorporated under
the laws of Canada, represented by its group
_____, having offices at
_____, province of Québec,
Canada _____,

hereinafter "the Customer,"

and

Hydro-Québec, a government corporation established by
the *Hydro-Québec Act* (R.S.Q., H-5), having its head office at
75, boul. René-Lévesque Ouest, Montréal, province of Québec,
Canada H2Z 1A4,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SUBJECT OF AGREEMENT

Under the Industrial Analysis and Demonstration Program – Major Customers ("the Program"), as described in the amended version dated September 2008, Hydro-Québec agrees to grant financial assistance to the Customer so that it may carry out a continuous measurement project ("the Project") at [description of site]. The Project bears the number _____ and the title _____.

The project and the financial assistance are described in Schedule I.

Project No. _____

2. HYDRO-QUÉBEC'S UNDERTAKINGS

- 2.1 2.1 Hydro-Québec agrees to grant to the Customer financial assistance of \$_____ to carry out a project costing a total of \$_____. This financial assistance shall be paid in two (2) installments, as stipulated in subsections 2.2 and 2.3. The financial assistance is granted conditionally and shall be paid provided that the Customer fulfills the terms and conditions of the Program, as set out in Schedule II, in their entirety.

The financial assistance shall in no case be increased, but may be decreased, depending on the actual costs of the Project.

- 2.2 **A first installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the purchase orders. If everything is in order, payment shall be made within forty-five (45) days of receipt of all the purchase orders required and an invoice issued by the Customer as per Section 5.
- 2.3 **A second and final installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the start-up report on the measuring instruments, the continuous measurement at [description of site] over a period of twelve (12) months, scorecards of electrical indicators, minutes of energy committee meetings, the annual report of the energy committee, and copies of invoices and cost memos.

The amount of the second and final installment may be reduced, or repayment of the initial installment may be required by Hydro-Québec, should the actual costs of the Project be lower than estimated. Upon receipt of all the required documents, Hydro-Québec shall confirm the financial assistance and inform the Customer of the amount of the final payment, for which the Customer shall issue an invoice, or of the repayment required, for which Hydro-Québec shall issue an invoice. Payment shall be made by Hydro-Québec or the Customer, as the case may be, within forty-five (45) days of receiving an invoice from the other party as per Section 5.

3. CUSTOMER'S UNDERTAKINGS

- 3.1 The Customer shall be solely responsible for the results of the Project vis-à-vis Hydro-Québec, although it may subcontract its continuous measurement project in whole or in part to a third party.
- 3.2 The Customer shall not delegate a third party to represent it in its dealings with Hydro-Québec.
- 3.3 The Customer agrees to abide by all the terms, conditions and requirements of the Program, as set out in Schedule II hereof, and particularly undertakes to
 - a) order equipment and provide purchase orders to Hydro-Québec within four (4) months of the signing of the agreement;
 - b) complete the Project, including continuous measurement for twelve (12) months, within twenty-four (24) months of the signing of the agreement;
 - c) submit all the documents required by subsections 2.2 and 2.3 within the time limits specified.
- 3.4 The Customer shall periodically report to Hydro-Québec on the progress of the Project. It shall invite the Hydro-Québec engineer to attend at least one meeting of the energy committee per year, at the engineer's convenience.
- 3.5 The Customer agrees to inform Hydro-Québec of any recommendations resulting from the continuous measurement project that are implemented, for a period of five (5) years after the signing of the agreement.
- 3.6 The Customer agrees not to use the money paid out by Hydro-Québec for any purpose except the Project and to repay to Hydro-Québec any amount received and not used for that purpose. The Customer acknowledges that Hydro-Québec shall be entitled to verify how any amount paid as financial assistance was spent.
- 3.7 The Customer agrees to report to Hydro-Québec the sources and amounts of any and all financial assistance obtained or applied for with respect to the Project and acknowledges that the sum total of these amounts shall at no time exceed the cost of the Project.
- 3.8 The Customer shall assume responsibility for implementing the Project and shall indemnify and hold harmless Hydro-Québec and its employees from and against any damage, claims or legal proceedings that may arise directly or indirectly from the Project.

- 3.9 The Customer agrees to mention in any media releases, publicity or advertising concerning the Project that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.
- 3.10 Hydro-Québec may deduct from any installment of the financial assistance any amount owing to it, including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Project.

4. CONFIDENTIALITY

- 4.1 The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, without limiting the generality of the foregoing, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, studies and ideas—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:
- (i) The Customer's name, amounts of financial assistance granted, recommended electricity management measures and associated electricity savings and, if applicable, the savings actually realized after implementation of the measures;
 - (ii) Any information that was in the public domain at the time it was disclosed;
 - (iii) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec;
 - (iv) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;
 - (v) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.
- 4.2 Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position.

5. TAX IMPLICATIONS

- 5.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.
- 5.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip as required by the Québec *Taxation Act*, as a record of financial assistance paid.

6. ASSIGNMENT

This agreement shall not be assigned, sold or transferred, in whole or in part, without the consent of Hydro-Québec.

The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

7. CANCELLATION

Hydro-Québec may cancel this agreement upon simple written notice if the Customer fails to fulfill any of its undertakings or obligations hereunder, or if the Customer becomes insolvent, declares bankruptcy or disposes of its property.

8. AMENDMENTS

Any amendment to this agreement shall be made in writing and signed by the parties.

9. REPRESENTATIVES OF PARTIES

The persons named below shall represent the parties for the purposes of this agreement.

For Hydro-Québec

For Customer Inc.

Name

Name

Engineer – Technical Services

Title

Direction – Grandes entreprises
Hydro-Québec
18^e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Telephone: 514 879-4100, ext. _____

Telephone: _____

E-mail: _____

E-mail: _____

Fax: 514 879-4843

Fax: _____

Should either party replace its representative, it shall notify the other party to this effect in writing.

10. AGREEMENT DOCUMENTS

Schedules I and II mentioned herein are an integral part of the agreement. The Customer hereby declares that it has read Schedule II, of the amended version dated September 2008 of the *Industrial Analysis and Demonstration Program – Major Customers* provided on CD-ROM, and agrees to all its terms, conditions and requirements.

Hydro-Québec reserves the exclusive right to interpret the terms and conditions of the Program.

11. APPLICABLE LAWS

The parties agree that this agreement shall be governed by the laws applicable in Québec and that any legal proceedings arising herefrom shall be instituted in the judicial district of Montréal.

12. EFFECTIVE DATE AND TERM OF AGREEMENT

This agreement shall come into effect on the last date that the agreement is signed by either of the parties and shall remain in force until the obligations of both parties stipulated in subsection 2.3 have been met.

Important note

Under our corporate directive on the Charter of the French Language, the French version of this Agreement must be signed.

SCHEDULE I

Description of Project and Financial Assistance

Project No. _____

SCHEDULE II

**Program Guide on CD-ROM
(in folder pocket)**

Project No. _____

**Appendix II ■ Standard Technology Demonstration Agreement –
Industrial Analysis and Demonstration Program –
Major Customers**

**TECHNOLOGY DEMONSTRATION AGREEMENT –
INDUSTRIAL ANALYSIS AND DEMONSTRATION PROGRAM –
MAJOR CUSTOMERS**

*The English version of this standard agreement is provided for information purposes only.
In all cases, the original French version shall prevail.*

By and between

Customer Inc., a corporation duly incorporated under
the laws of Canada, represented by its group
_____, having offices at
_____, province of Québec,
Canada _____,

hereinafter "the Customer,"

and

Hydro-Québec, a government corporation established by the
Hydro-Québec Act (R.S.Q., H-5), having its head office at
75, boul. René-Lévesque Ouest, Montréal, province of Québec,
Canada H2Z 1A4,

hereinafter "Hydro-Québec."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SUBJECT OF AGREEMENT

Under the Industrial Analysis and Demonstration Program – Major Customers
("the Program"), as described in the amended version dated September 2008,
Hydro-Québec agrees to grant financial assistance to the Customer so that it may
carry out a technology demonstration project ("the Project") at [description of site].
The Project bears the number AD-_____ and is identified
by the title _____.

The Project and financial assistance are described in Schedule I.

Project No: _____

2. HYDRO-QUÉBEC'S UNDERTAKINGS

- 2.1 Hydro-Québec agrees to grant to the Customer financial assistance not to exceed the amount of \$_____, as detailed in Schedule I, for a project costing a total of \$_____. This financial assistance shall be paid in three (3) installments, as stipulated in subsections 2.2, 2.3 and 2.4. The financial assistance is granted conditionally and shall be paid provided that the Customer fulfills the terms and conditions of the Program, as set out in Schedule II, in their entirety.

The financial assistance shall in no case be increased, but may be decreased, depending on the actual Project costs.

- 2.2 **A first installment**, amounting to twenty-five percent (25%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the purchase orders. If everything is in order, payment shall be made within forty-five (45) days of receipt of all the purchase orders required and an invoice issued by the Customer as per Section 5. To this end, purchase orders shall be issued within six (6) months of the signing of the agreement.
- 2.3 **A second installment**, amounting to fifty percent (50%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the start-up report, copies of invoices and cost memos, and the updated "after" measurement timetable for the Project. The documents shall be accompanied by a list of project invoices and internal cost memos compiled in an Excel file and an invoice issued by the Customer, as per Section 5. If everything is in order, Hydro-Québec will issue payment within forty-five (45) days of receiving all the required documents.
- 2.4 **A third and final installment**, amounting to twenty-five percent (25%) of the total financial assistance allocated to the Project, shall be paid once Hydro-Québec has checked and approved the "after" measurement report and copies of associated invoices and cost memos. These documents shall be submitted along with an updated version of the Excel file provided for in subsection 2.3. Hydro-Québec must receive all this information, showing that the Project is within budget, within twenty-four (24) months of the signing of the agreement; otherwise Hydro-Québec shall be under no obligation to pay out the financial assistance. The amount of the financial assistance may be reduced if actual Project costs are lower than estimated.

Upon receipt of all the required documents, Hydro-Québec shall confirm the financial assistance and inform the Customer of the amount of the final payment, for which the Customer shall issue an invoice, or of the repayment required, for which Hydro-Québec shall issue an invoice.

If everything is in order, payment shall be made by Hydro-Québec or the Customer within forty-five (45) days of receiving an invoice issued by the other party, as per Section 5.

3. CUSTOMER'S UNDERTAKINGS

- 3.1 The Customer shall be solely responsible for the results of the Project vis-à-vis Hydro-Québec, although it may subcontract its demonstration project in whole or in part to a third party.
- 3.2 The Customer shall not delegate a third party to represent it in its dealings with Hydro-Québec.
- 3.3 The Customer agrees to abide by all the terms, conditions and requirements of the Program, as set out in Schedule II hereof.
- 3.4 The Customer undertakes to
 - a) order equipment and provide purchase orders to Hydro-Québec within six (6) months of the signing of the agreement;
 - b) complete the Project, including "after" measurement within twenty-four (24) months of the signing of the agreement;
 - c) submit all the documents required by subsections 2.2, 2.3 and 2.4 within the time limits specified.
- 3.5 The Customer agrees that Hydro-Québec may, at any time during regular business hours, check equipment installation, start-up and measurements taken **before** and **after** implementation of the electricity management measures in order to make sure that the Project is being carried out in accordance with the agreement and the Program.
- 3.6 The Customer agrees not to use the money paid out by Hydro-Québec for any purpose except the Project and to repay to Hydro-Québec any amount received and not used for that purpose. The Customer acknowledges that Hydro-Québec shall be entitled to verify how any amount paid as financial assistance was spent.
- 3.7 The Customer agrees that all general vouchers relating to the implementation of the Project described in Schedule I shall be made available to an auditor appointed by Hydro-Québec, during regular business hours, on at least twenty-four (24) hours' notice, for up to two (2) years from the end of this agreement.

- 3.8 The Customer agrees to report to Hydro-Québec the sources and amounts of any and all financial assistance obtained or applied for with respect to the Project. The Customer must assume at least twenty-five percent (25%) of the eligible costs of the Project, taking into account all financial assistance from other sources.
- 3.9 The Customer shall assume responsibility for implementing the Project and shall indemnify and hold harmless Hydro-Québec and its employees from and against any damage, claims or legal proceedings that may arise directly or indirectly from the Project.
- 3.10 The Customer agrees to mention in any media releases, publicity or advertising concerning the Project that it has been subsidized by Hydro-Québec. However, at no time shall the Customer suggest or imply that Hydro-Québec recommends any product or process whatsoever.
- 3.11 The Customer expressly authorizes Hydro-Québec to use the name of the Customer, the Project, its description, its results and the associated costs for purposes of promoting or advertising Hydro-Québec's energy efficiency activities and Energy Efficiency Plan.
- 3.12 **Failure to pay.** Hydro-Québec may deduct from any installment of the financial assistance any amount owing to Hydro-Québec, including any electricity bill, whether overdue or not, or any deposit for a service contract held by the Customer or any company in its group, or withhold any installment if the Customer cannot demonstrate that its financial situation is sufficiently stable to ensure completion of the Project.

4. CONFIDENTIALITY

- 4.1 The Customer agrees that it is necessary to disclose to Hydro-Québec confidential information (whether in writing, verbally or visually)—including, without limiting the generality of the foregoing, data, formulas, processes, models, photographs, plans, drawings, specifications, reports, studies and ideas—and Hydro-Québec undertakes to keep such information confidential. However, confidential information does not include the following:
- (i) The Customer's name, the Project cost, the amounts of financial assistance granted, the technology used in the Project, described in general terms, and the electricity savings actually realized;

- (ii) Any information that was in the public domain at the time it was disclosed;
 - (iii) Any information that, after being disclosed, entered the public domain through no doing of Hydro-Québec's;
 - (iv) Any information that Hydro-Québec can prove that it had in its possession before it was disclosed;
 - (v) Any information disclosed to Hydro-Québec without restriction by a third party legitimately entitled to disclose it.
- 4.2 Any disclosure to the public or to a third party of the Customer's confidential information shall be the subject of a written agreement. The Customer agrees to authorize the disclosure of confidential information provided that such disclosure does not adversely affect its competitive position.

5. TAX IMPLICATIONS

- 5.1 Payments by Hydro-Québec under the Program are normally subject to the goods and services tax (GST) and Québec sales tax (QST), unless the Customer is not doing business as defined within those tax systems. As a result, in order for Hydro-Québec to issue payment under the Program, the Customer shall first issue an invoice indicating the amounts of taxes separately. The invoice shall also include all the information stipulated by tax regulations, including GST and QST registration numbers. It is up to the Customer to determine whether it must charge GST and QST. If a Customer is not in business, it shall so indicate on the invoice issued. Hydro-Québec shall not be liable for any error in collecting taxes.
- 5.2 For income tax purposes, the financial assistance paid out under the Program is an inducement that should reduce the cost or capital cost of a good, reduce the amount of an expenditure or of an expense or constitute revenue to the Customer, as the case may be. It is up to the Customer to determine the tax status of the financial assistance received from Hydro-Québec. Unless the Customer is exempt from paying tax, Hydro-Québec issues a *Relevé 27 – Paiements du gouvernement* [government payments] information slip, as required by the Québec *Taxation Act*, as a record of financial assistance paid.

6. ASSIGNMENT

This agreement shall not be assigned, sold or transferred, in whole or in part, without the written consent of Hydro-Québec.

The Customer agrees to obtain Hydro-Québec's written consent before assigning any receivables that may affect this agreement. If a receivable is assigned without such written consent, Hydro-Québec may terminate the agreement as of the date on which the assignment was made.

7. CANCELLATION

Hydro-Québec may cancel this agreement upon simple written notice if the Customer fails to fulfill any of its undertakings or obligations hereunder, or if the Customer becomes insolvent, declares bankruptcy or disposes of its property.

8. AMENDMENTS

Any amendment to this agreement shall be made in writing and signed by the parties.

9. REPRESENTATIVES OF PARTIES

The persons named below shall represent the parties for the purposes of this agreement.

For Hydro-Québec

For Customer Inc.

Name

Name

Engineer – Technical Services

Title

Direction – Grandes entreprises
Hydro-Québec
18^e étage
2, complexe Desjardins, tour Est
C. P. 10000, succ. Desjardins
Montréal (Québec) H5B 1H7

Telephone: 514 879-4100, ext. _____

Telephone: _____

E-mail: _____

E-mail: _____

Fax: _____

Fax: _____

Should either party replace its representative, it shall notify the other party to this effect in writing.

10. AGREEMENT DOCUMENTS

10.1 Schedules I and II mentioned herein are an integral part of the agreement. The Customer hereby declares that it has read Schedule II, of the amended version dated September 2008 of the Industrial Analysis and Demonstration Program – Major Customers provided on CD-ROM, and agrees to all its terms, conditions and requirements.

10.2 Hydro-Québec reserves the exclusive right to interpret the terms, conditions and requirements of the Program.

Project No: _____

11. APPLICABLE LAWS

The parties agree that this agreement shall be governed by the laws applicable in Québec and that any legal proceedings arising herefrom shall be instituted in the judicial district of Montréal.

12. EFFECTIVE DATE AND TERM OF AGREEMENT

This agreement shall come into effect on the last date that the agreement is signed by either of the parties and shall remain in force until the obligations of both parties stipulated in subsection 2.4 have been met.

IN WITNESS WHEREOF, THE PARTIES, HAVING READ AND ACCEPTED
THIS AGREEMENT AND THE CLAUSES HEREIN CONTAINED, HAVE THEREFORE
DULY SIGNED:

Important note

Under our corporate directive on the Charter of the French Language, the French version of this Agreement must be signed.

SCHEDULE I

Description of Project and Financial Assistance

Project No: _____

SCHEDULE II

**Program Guide on CD-ROM
(in folder pocket)**

Project No: _____

Appendix III

■ Cost Breakdown



Cost Breakdown

Customer's name: _____
 HQ file no.: _____
 Date received: _____

Customer's project no.: _____
 Customer's account no.: _____

Supplier	Description of goods or services purchased	Detailed cost estimate (CS)			Actual project costs							Difference between invoice and purchase order ⁽¹⁾ Explanation
		Proposal	Preliminary acceptance	Contract	Purchase orders			Invoices and/or cost memos ⁽²⁾			CS (b) - (a)	
					No.	Date	CS ⁽¹⁾ (a)	No.	Date	CS ⁽¹⁾ (b)		
A. Equipment purchases												
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
	Total				Total			Total				
B. Measuring instrument purchases												
1.												
2.												
3.												
	Total				Total			Total				
C. "Before" and "after" measurement costs												
1.												
2.												
3.												
	Total				Total			Total				
D. In-house labor costs, by trade⁽⁴⁾												
1.												
2.												
3.												
	Total				Total			Total				
E. Outside engineering costs												
1.												
2.												
3.												
	Total				Total			Total				
F. Installation and start-up contracts												
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
	Total				Total			Total				
TOTAL COSTS												

(1) If costs are entered in foreign currency, indicate on a separate sheet the value in Canadian dollars and the exchange rate used.

(2) Enter each invoice submitted.

(3) Difference between actual invoice and purchase order.

(4) In Proposal column, give detail by trade. At the time of the second and third installments, real costs must be accompanied by an in-house labor cost progress report generated by your accounting system. The report should specify the number of hours and hourly rate per employee, and the total cost per trade.

An electronic version of this table (in French) is available at
www.hydroquebec.com/majorcustomers/ee

**Appendix IV ■ Electricity Management Measures
Implementation Plan**

Electricity Management Measures Implementation Plan

Customer's name: _____
Service contract no.: _____
HQ analysis no.: _____

Customer's project coordinator: _____

An electronic version of this table (in French) is available at www.hydroquebec.com/majorcustomers/ee

Summary of results																Action plan and follow-up		
Plant area	Electricity mgmt. measure no. ⁽¹⁾	Description	Current consumption/ Measure analyzed			Potential savings			Investment		Potential fin. asst. (if applicable)		Payback period ⁽⁵⁾		Rec. ⁽⁶⁾	Comments	Action ⁽⁶⁾	Year planned
			Unit	Quantity	kWh/ year ⁽²⁾	kWh/year	\$/year	kWh/prod. unit ⁽³⁾	Without grant (\$)	With grant (\$)	(\$)	Source ⁽⁴⁾	Without grant (years)	With grant (years)				

(1) If the measure will result in savings of both heat and electricity, enter them on separate lines.
(2) kWh equivalent, if applicable.
(3) Specify production unit, if applicable.
(4) Source of financial assistance:
HQ: Hydro-Québec
OEE: NRCan's Office of Energy Efficiency
GM: Gaz Métro
FEE: Fonds en efficacité énergétique
GO: Gazifière (Outaouais)
FCM: Federation of Canadian Municipalities

(5) Payback without grant: Investment without grant (col. J) / annual savings in dollars (col. H)
Payback period with grant: Investment with grant (col. K) / annual savings in dollars (col. H)
(6) I = Implemented
N = Do nothing
E = Further study required

ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers Energy Analysis Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers, Energy Analysis component, must therefore complete the initiative project proposal form [Formulaire de proposition d'analyse énergétique] in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from www.hydroquebec.com/majorcustomers/ee, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name

Title

Telephone

Fax

E-mail

Company name

Address

Municipality

Postal code

Applicant's signature

Date

The applicant must have company signing authority.

2. Project site HQ account no.

Plant name

Address of industrial site of analysis (if different from above)

Municipality

Postal code

Name of analysis manager

Telephone

Fax

E-mail

(if not applicant)

Analysis manager's address (if different from site)

Municipality

Postal code

3. Industry in which plant is active

Pulp & paper

Mining

Chemicals/Petrochemicals

Food

Iron & steel,

Metallurgy

Manufacturing

Other (specify)

smelting & refining

4. Description of energy analysis

Analysis title

Brief description of planned energy analysis

5. Summary of energy analysis timetable

What are the planned project dates (assuming about four weeks for Hydro-Québec to review proposal)?

Start of analysis

Submission of final
energy analysis report

Detailed Description of Energy Analysis

6. Summary of analysis costs

Taxes not refunded by the governments may be included in these costs.

Costs of analysis

Costs of outside experts

A =

Costs of in-house experts

B =

Total costs of analysis $C = (A + B) =$

Calculation of financial assistance requested: Lower of following amounts

50% of eligible analysis costs

$D = (C \times 50\%) =$

Maximum of \$25,000 per analysis

D = \$25,000

Lower of above amounts

E = (Lower D)

Financial assistance from other sources (Identify sources and amounts.)

Total contributions from other sources

F =

Customer's contribution

Customer's contribution to analysis (may not be less than zero)

$C - E - F =$

ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers Continuous Measurement Project Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers, Continuous Measurement component, must therefore complete the initiative project proposal form (*Formulaire de proposition pour un projet de mesurage en continu*) in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from www.hydroquebec.com/majorcustomers/ee, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name	Title	
Telephone	Fax	E-mail
Company name		
Address	Municipality	Postal code
Applicant's signature	Date	

The applicant must have company signing authority.

2. Project site

HQ account no.

Plant name

Address of building covered by project (if different from above)	Municipality	Postal code
Name of project manager (if not applicant)	Telephone	Fax
		E-mail
Project manager's address (if different from site)	Municipality	Postal code

3. Industry in which plant is active

Pulp & paper	Mining	Chemicals/Petrochemicals	Food
Iron & steel, smelting & refining	Metallurgy	Manufacturing	Other (specify)

4. Description of continuous measurement project

Project title

Brief description of planned continuous measurement project

5. Summary of continuous measurement project timetable

What are the planned project dates (assuming about six weeks for Hydro-Québec to review proposal)?

Submission of copies of purchase orders

Measuring instrument start-up

Detailed Description of Continuous Measurement Project

6. Summary of continuous measurement project costs

Taxes not refunded by the governments may be included in these costs.

Costs of project

Costs (C\$)

Measuring instrument purchase costs

A =

Costs of installation by outside experts

B =

Costs of installation by in-house experts

C =

Total project costs $D = (A + B + C) =$

Calculation of financial assistance requested: Lower of following amounts

50% of eligible project costs

$E = (D \times 50\%) =$

Maximum of \$75,000 per project

E =

\$75,000

Lower of above amounts

F = (Lower E)

Financial assistance from other sources (Identify sources and amounts.)

Total contributions from other sources

G =

Customer's contribution

Customer's contribution to project (may not be less than zero)

$D - F - G =$

7. Document checklist

The following documents **must** be submitted with this proposal.

- Breakdown of eligible continuous measurement project costs [*Grille détaillée des coûts*]; the French Excel file required, along with a courtesy translation, can be downloaded from www.hydroquebec.com/majorcustomers/ee.
- Report on current electricity use, showing whether use was estimated or measured and describing measuring instruments already in place
- Description of measurement points that will cover electricity use of entire plant
- Description of measuring instruments
- Description of electrical indicators
- Model scorecard for monitoring electrical indicators
- Project timetable
- List of energy committee members
- Planned dates of energy committee meetings, if known

ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers Demonstration Project Proposal Form

Important note: In compliance with Hydro-Québec's directive on the application of the *Charter of the French Language*, all written communications with legal entities having a place of business in Québec are in French only.

Customers wishing to submit a proposal under the ENERGY WISE Industrial Analysis and Demonstration Program – Major Customers, Demonstration component, must therefore complete the initiative project proposal form [Formulaire de proposition pour un projet de démonstration] in French. A translation of the contents of this form is provided below for information purposes only.

If you are using the electronic version of the form, available from www.hydroquebec.com/majorcustomers/ee, each response field will expand to accommodate your answer. If you are filling out the hard copy (or printed version), you may attach separate sheets for responses that do not fit in the spaces provided.

1. Applicant identification

Applicant's name	Title	
Telephone	Fax	E-mail
Company name		
Address	Municipality	Postal code
Applicant's signature	Date	

The applicant must have company signing authority.

2. Project site HQ account no.

Address of industrial site of project (if different from above)	Plant name	
Name of project manager	Municipality	Postal code
(if not applicant)	Fax	E-mail
Project manager's address (if different from site)	Municipality	Postal code

3. Industry in which plant is active

Pulp & paper	Mining	Chemicals/Petrochemicals	Food
Iron & steel, smelting & refining	Metallurgy	Manufacturing	Other (specify)

4. Description of demonstration project

Project title
Brief description of project

5. Summary of demonstration project timetable

What are the planned project dates (assuming about eight weeks for Hydro-Québec to review proposal)?

Submission of copies of purchase orders	Start-up	Submission of "after" measurement report
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Detailed Description of Demonstration Project

6. Description of new technology and production parameters

Description of new technology to be implemented

Explain how this is the first implementation of the technology in the industry indicated in Section 3.

What electricity savings are anticipated?

Baseline production parameters before implementation of new technology*

*See definitions in *Industrial Analysis and Demonstration Program – Major Customers Participant's Guide*, Part B, Section 1

Anticipated baseline production parameters after implementation of new technology

"Before" and "after" baseline production parameters will be: Identical

Different

Describe

Adjustments required to compare "before" and "after" electricity consumption on the basis of "before" baseline production

No adjustment required

Adjustments required

Describe

7. Summary of methods for measuring electricity consumption before and after implementation of new technology

7.1 "Before" measurements (Explain methods briefly. See *Industrial Analysis and Demonstration Program – Major Customers Participant's Guide*, Part B, Section 6.)

7.2 "After" measurements (Explain methods briefly. See *Industrial Analysis and Demonstration Program – Major Customers Participant's Guide*, Part B, Section 6.)

A measurement plan must be submitted. (See Section 10, Document checklist.)

Detailed Description of Demonstration Project

8. Summary of electricity savings

A summary of required Excel spreadsheet data (see Section 10) must be given in the table below.

Summary of "before" electricity consumption	
Production parameters used to calculate "before" consumption (units/year) (1)	
Electricity consumption calculated or measured before (MWh/year) (2)	
Specific "before" electricity consumption (MWh/unit) (3) = (2) / (1)	

Summary of "after" electricity consumption	
Production parameters used to calculate consumption after implementation of new technology (units/year) (4)	
Electricity consumption calculated after (MWh/year) (5)	
Specific "after" electricity consumption (MWh/unit) (6) = (5) / (4)	

Summary of electricity savings	
Electricity savings (MWh/year), adjusted as necessary* (7) = (2) - (5) ± adjustments	
Specific electricity savings (MWh/year per unit), adjusted as necessary* (8) = (3) - (6) ± adjustments	

*Adjusted electricity savings (MWh/year): Difference between electricity consumption **before** and **after** implementation of the electricity management measures, adjusted to take into account discrepancies between the level of production at the time the measurement was done and baseline production.

Detailed Description of Demonstration Project

9. Summary of project costs

A summary of required Excel spreadsheet data (see Section 10) must be given in the table below.

Taxes not refunded by the governments may be included in these costs.

Project costs

Costs (C\$)

Equipment purchase costs	A =
Measuring instrument purchase costs	B =
"Before" measurement costs	C =
"After" measurement costs	D =
Outside engineering costs	E =
Costs of installation and start-up contracts	F =
Costs of testing and fine-tuning	G =

$$\text{Total project costs } H = (A + B + C + D + E + F + G) =$$

$$\text{Total electricity savings (MWh/year) } I =$$

$$\text{Cost of electricity (\$/MWh)}^1 \quad J =$$

1. The cost of electricity is the mean annual cost calculated using Rate L and the customer's bill for the previous year.

$$\text{Value of electricity savings (\$)} \quad K = I \times J =$$

$$\text{Payback period (years), based solely on electricity savings}^2$$

$$H / K =$$

2. No financial assistance will be granted if the payback period exceeds 10 years.

Calculation of financial assistance requested: Lower of following amounts

$$\text{Maximum of 50\% of eligible project costs} \quad L = (H \times 50\%) =$$

$$\text{Maximum of \$300,000 per project} \quad L = \$300,000$$

$$\text{Lower of above amounts} \quad M = (\text{Lower } L)$$

Financial assistance from other sources. (Identify sources and amounts.)

$$\text{Total contributions from other sources} \quad N =$$

Customer's contribution

$$\text{Customer's contribution to project} \quad O = (H - M - N) = \$$$

$$\text{Customer's contribution as percentage (minimum 25\% of total project costs)} \quad P = O / H = \%$$

Detailed Description of Demonstration Project

10. Document checklist

The following documents **must** be submitted with this proposal.

■ Detailed list of eligible project costs

Breakdown of eligible costs, **recorded in the Excel file** *Grille détaillée des coûts*, available from www.hydroquebec.qc.ca/majorcustomers/ee (see courtesy translation, Cost Breakdown, in Appendix III of *ENERGY WISE Industrial Initiatives Program – Major Customers Participant's Guide*), configured as follows:

1. Description and purchase costs of equipment
2. Description and purchase costs of measuring instruments
3. Description and costs of "before" measurements, if data not available from existing equipment
4. Description and costs of "after" measurements
5. Description and costs of outside engineering
6. Description and costs of installation and start-up contracts
7. Costs of testing and fine-tuning

■ Detailed calculation of electricity savings

Electricity consumption before and after implementation of new technology, **recorded in an Excel file** configured as follows:

Production parameters

- Baseline production before implementation of new technology
- Anticipated baseline production after implementation of new technology (if different)
- Adjustments required to restate results of calculations and measurements in terms of "before" baseline production parameters

"Before" calculation

- Production parameters (products, productivity indicators, operating cycles, etc.) that influence consumption
- Definitions and values of process or system variables that influence consumption (flow, pressure, temperature, etc.)
- For each parameter and variable, indicate the origin of the value (measured, calculated or taken from technical data sheets, nameplates, nomograms, etc.)
- Formulas, results and references for calculating electricity savings

"After" calculation

- Production parameters (products, productivity indicators, operating cycles, etc.) that influence consumption
- Definitions and values of future process or system variables that influence consumption (flow, pressure, temperature, amperage, power, efficiency, etc.)
- For each parameter and variable, indicate the origin of the value (measured, calculated or taken from technical data sheets, nameplates, nomograms, etc.)
- Formulas, results and references for calculating electricity savings

- Measurement data already available, along with assumptions, as necessary
- Plan for measuring "before" and "after" electricity consumption
- Technical specifications of equipment
- Process and instrumentation diagram (P&ID) or similar
- Useful production data

Forging solutions together

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Hydro-Québec

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